

LATHAM & WATKINS LLP
Patrick E. Gibbs (SBN 183174)
Jennie Foote Feldman (SBN 248375)
140 Scott Drive
Menlo Park, California 94025
Telephone: (650) 328-4600
Facsimile: (650) 463-2600

Attorneys for Defendants Terayon Communication
Systems, Inc., Zaki Rakib, Jerry D. Chase, Mark A.
Richman, Edward Lopez, Ray Fritz, Carol
Lustenader, Matthew Miller, Shlomo Rakib, Doug
Sabella, Christopher Schaepe, Mark Slaven, Lewis
Solomon, Howard W. Speaks, Arthur T. Taylor, and
David Woodrow

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ADRIAN MONGELI, Individually, And On
Behalf Of All Others Similarly Situated,

Plaintiff,

v.

TERAYON COMMUNICATION
SYSTEMS, INC., ZAKI RAKIB, JERRY D.
CHASE, MARK A. RICHMAN, EDWARD
LOPEZ, RAY FRITZ, CAROL
LUSTENADER, MATTHEW MILLER,
SHLOMO RAKIB, DOUG SABELLA,
CHRISTOPHER SCHAEPE, MARK
SLAVEN, LEWIS SOLOMON, HOWARD
W. SPEAKS, ARTHUR T. TAYLOR,
DAVID WOODROW, and ERNST &
YOUNG, LLP,

Defendants.

CASE NO.: 3-06-CV-03936 MJJ

CLASS ACTION

**NOTICE OF SETTLEMENT IN PRINCIPLE
AND JOINT REQUEST TO TAKE MOTION
TO DISMISS OFF-CALENDAR**

Judge: Honorable Martin J. Jenkins

**NOTICE OF SETTLEMENT IN PRINCIPLE AND JOINT
REQUEST TO TAKE MOTION TO DISMISS OFF-CALENDAR**

PLEASE TAKE NOTICE that Terayon Communication Systems, Inc. (“Terayon” or the “Company”) and the “Individual Defendants” (as defined below) have reached an agreement in principle with Lead Plaintiff Adrian Mongeli, acting on behalf of the putative class, to settle the above-captioned matter. The “Individual Defendants” are Zaki Rakib, Jerry D. Chase, Mark A. Richman, Edward Lopez, Ray Fritz, Carol Lustenader, Matthew Miller, Shlomo Rakib, Doug Sabella, Christopher Schaepe, Mark Slaven, Lewis Solomon, Howard W. Speaks, Arthur T. Taylor, and David Woodrow.

In light of this agreement in principle, and in order to preserve party and judicial resources, Terayon, the Individual Defendants and Lead Plaintiff Adrian Mongeli hereby request that the Court take off-calendar the motion to dismiss filed by Terayon and the Individual Defendants, which is currently scheduled for hearing on October 25, 2007 at 9:30 AM. This request does not apply to the motion to dismiss separately filed by Defendant Ernst & Young LLP, which is also scheduled for hearing on October 25, 2007 at 9:30 AM.

Dated: October 4, 2007

Jennie Foote Feldman
Patrick E. Gibbs
LATHAM & WATKINS LLP

By /s/
Patrick E. Gibbs

**Attorneys for Terayon Communication
Systems, Inc. and the Individual Defendants**

Dated: October 4, 2007

Joseph E. White, III
SAXENA WHITE, P.A.

By /s/
Joseph E. White, III

Lead Counsel for Lead Plaintiff and the Class